

## Message Text

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ORIGIN OPIC-12

INFO OCT-01 ARA-16 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 TRSE-00 XMB-07 SPC-03 CIEP-02

LAB-06 SIL-01 OMB-01 /092 R

66631

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APPROVED BY:EB/IFD/OIA:MKENNEDY

EB/IFD/OIA:WHCOURTNEY

ARA/APU:KNROGERS

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E.O. 11652: N/A

TAGS: EFIN, PA

SUBJ: TWO POSSIBLE LUMBER PROJECTS

1. WE HAVE BEEN APPROACHED BY TWO COMPANIES INDEPENDENTLY OF EACH OTHER REGARDING THE POSSIBILITY OF OUR ASSISTING IN THE FINANCING OF THEIR PROPOSED TIMBER PROJECTS IN PARAGUAY. THE COMPANIES ARE:

A) ROSS INTERNATIONAL LUMBER COMPANY  
HATTIESBURG, MISSISSIPPI  
E.H. ROSS JR., PRESIDENT

B) TROPICAL WOODS, INC.  
FAYETTEVILLE, NORTH CAROLINA  
R.D. MATTHEWS, PRESIDENT

BOTH COMPANIES HAVE BEEN PURCHASING HARDWOOD LUMBER FROM LOCAL MILLS IN PARAGUAY AND BRAZIL FOR SEVERAL YEARS FOR SALE IN THE U.S. THEY NOW WISH TO CONSIDER EXPANDING THE SCOPE OF THIS ACTIVITY. THE INDIVIDUAL PROJECTS ARE AS FOLLOWS.:

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A) ROSS INTERNATIONAL - ESTABLISH DRYING SHEDS AND LUMBER YARDS AND ASSOCIATED FACILITIES FOR GUATAMBU SQUARES AND LUMBER NEAR PUERTO PRESIDENTE STROESSNER. COST TO IMPLEMENT PROJECT ESTIMATED AT \$100,000. PROJECT WOULD INVOLVE PURCHASE OF GREEN SAWN LUMBER FROM LOCAL MILLS, THEN DRYING AND WAREHOUSING FOR EXPORT. MILLS WOULD BENEFIT IN THAT THEY WOULD GET CASH ON DELIVERY AND BE RELIEVED OF CARRYING HEAVY FINISHED INVENTORIES AND ARRANGING FOR EXPORT. IF THIS PHASE OF PROJECT IS SUCCESSFUL, SPONSOR WOULD THEN DESIRE TO EXPAND BY ADDING TURNING LATHES AND POSSIBLY A SAWMILL AND TIMBER OPERATIONS.

B. TROPICAL WOODS - THIS COMPANY PRESENTLY PURCHASES LUMBER IN THE FORM OF ROUGH GREEN FURNITURE SQUARES FROM LOCAL MILLS IN PARAGUAY AND BRAZIL, STORES THE LUMBER IN A WAREHOUSE LEASED IN PARANAGUAY AND THEN EXPORTS TO THE US. THEY ARE REPRESENTED IN THIS OPERATION IN PARAGUAY BY MR. SERQUIS KASANEZKY. THE COMPANY IS NOW INTERESTED IN ACQUIRING OR LEASING LAND IN THE ALTO PARANA REGION, HARVESTING AND MILLING TIMBER FOR EXPORT, FOLLOWED BY CONVERSION OF LAND TO PASTURE AND OTHER AGRICULTURAL PURPOSES.

2. BOTH OF THESE PROJECTS HAVE JUST BEEN PRESENTED TO OPIC AND SPONSORS HAVE CONSIDERABLE WORK AHEAD OF THEM TO ESTABLISH FEASIBILITY, BUT AT THIS TIME WE WOULD APPRECIATE GENERAL OPINION OF THE POTENTIAL VIABILITY OF THESE PROJECTS, ASSUMING THE SPONSORS HAVE THE ABILITY TO IMPLEMENT AND MANAGE THEM AND MARKET THE OUTPUT. OPIC IS VERY ANXIOUS TO DO A PROJECT IN PARAGUAY AND IF THESE PROJECTS HOLD ANY PROMISE, UNDERSTANDING THAT THE SCOPE AND MAGNITUDE MAY HAVE TO BE CONSIDERABLY MODIFIED, WE ARE PREPARED TO ASSIST IN THE FINANCING OF FEASIBILITY STUDIES AND THE PROJECT ITSELF SHOULD THE STUDIES BE POSITIVE.

3. IT WOULD ALSO BE HELPFUL TO KNOW IF OTHER FOREIGN COMPANIES ARE NOW OR HAVE BEEN ACTIVE IN THIS TYPE OF INDUSTRY IN PARAGUAY AND WHETHER OR NOT THEY HAVE BEEN SUCCESSFUL. ALSO, WHAT ARE THE PITFALLS, SUCH AS TRANSPORTATION ETC. RUSH

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LUMBER, EXPORTS, LOANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 21 SEP 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973STATE188891  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** OPIC/F:JSPOTTER  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Line Count:** 96  
**Locator:** TEXT ON-LINE  
**Office:** ORIGIN OPIC  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** elyme  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 01 OCT 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <01-Oct-2001 by maustmc>; APPROVED <11 MAR 2002 by elyme>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** TWO POSSIBLE LUMBER PROJECTS  
**TAGS:** EFIN, PA, ROSS INTERNATIONAL LUMBER COMPANY, TROPICAL WOODS INC  
**To:** ASUNCION  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005